

Message Text

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C O N F I D E N T I A L SECTION 1 OF 2 BUCHAREST 4063

FOR ANDREWS FROM SIMONS, EUR/EE THREE COPIES ONLY

E.O. 1ETWC GDS
TAGS: OGEN, RO
SUBJECT: OFFICIAL-INFORMAL

1. DRAFT VEST SPEECH (STATE 144857). THE COUNCIL SESSION WILL OPEN AT 11:30 A.M. WITH A REPORT BY THE CHAIRMEN OF THE ROMANIAN AND U.S. SECTIONS OF THE COUNCIL, VOLOSENIUC AND ROSENTHAL. THOSE REPORTS WILL BE FOLLOWED BY A REVIEW OF U.S.-ROMANIAN BILATERAL RELATIONS. WE UNDERSTAND THAT DEPUTY PRIME MINISTER BURTICA WILL BE THE GOR SPEAKER ON THIS THEME. THE TIME ALLOTTED FOR THE TWO PRESENTATIONS ON BILATERAL RELATIONS IS 40 MINUTES. BURTICA WILL SPEAK FIRST AND VEST SECOND. LUNCHEON WILL FOLLOW THE VEST SPEECH. A DRAFT OF VEST'S REMARKS FOLLOWS: BEGIN TEXT.

DRAFT SPEECH FOR AS VEST
JOINT ECONOMIC COUNCIL
SINAIA, ROMANIA, JUNE 26, 1978

THEME: DEVELOPMENTS OF THE YEAR, WITH EMPHASIS ON THE POST-CEAUSESCU VISIT PERIOD

THESE ANNUAL MEETINGS PROVIDE AN OPPORTUNITY FOR US ALL TO DISCUSS NEW POSSIBILITIES IN THE DEVELOPMENT OF ECONOMIC RELATIONS BETWEEN OUR TWO COUNTRIES.

THAT IS PROBABLY THE SINGLE MOST IMPORTANT REASON
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FOR OUR BEING TOGETHER. ANOTHER MOTIVE IS TO CONTINUE OUR ENDEAVORS TO OVERCOME CHALLENGES AND PROBLEMS WHICH HAVE CROPPED UP. THERE ARE A FEW PROBLEMS, AND I AM CONFIDENT THAT PROGRESS WILL BE MADE AT THIS MEETING IN FINDING WAYS TO SOLVE THEM. YET ANOTHER FOCUS OF THE DELIBERATIONS OF THIS SESSION WILL BE A REVIEW OF THE ACTIVITIES OF THE YEAR WHICH HAS ELAPSED

SINCE THE JOINT ECONOMIC COUNCIL MET IN NEW YORK CITY. I WISH TO CONCENTRATE ON THIS ASPECT OF THE COUNCIL'S WORK. MORE PARTICULARLY, I WILL BE REVIEWING INTER-GOVERNMENTAL ACTIVITIES OF THE PAST YEAR. I DO SO WITH THE FULL KNOWLEDGE THAT THIS MEETING WILL BE DEVOTING ITS ATTENTION PRIMARILY TO RELATIONS BETWEEN U.S. PRIVATE SECTOR REPRESENTATIVES AND THEIR ROMANIAN COUNTERPARTS. AND BY CONCENTRATING ON INTERGOVERN-

MENTAL RELATIONS, I DO NOT MEAN, IN ANY SENSE, TO DETRACT FROM THE MAIN PURPOSE AND OBJECTIVE OF THE DIALOGUE--THAT IS TO SAY, THE FURTHERING OF THE ALREADY FRUITFUL AND MUTUALLY BENEFICIAL RELATIONSHIP BETWEEN PRIVATE U.S. BUSINESSMEN AND THE ROMANIAN GOVERNMENT.

THE ROLE OF THE U.S. GOVERNMENT IN ASSISTING IN THE DEVELOPMENT OF ECONOMIC RELATIONS BETWEEN OUR TWO COUNTRIES HAS BEEN CONSIDERABLE. SOME WOULD SAY THAT THE ROLE PLAYED BY OUR GOVERNMENT HAS NOT ALWAYS BEEN CONSISTENTLY HELPFUL IN FACILITATING THE GROWTH OF TRADE AND OTHER FORMS OF ECONOMIC COOPERATION. IN OTHER WORDS, THE ROLE OF THE GOVERNMENT IS AT TIMES CONTROVERSIAL. I WILL ADDRESS SOME OF THE AREAS WHICH GIVE RISE TO THE VIEW THAT GOVERNMENTS SOMETIMES IMPEDE RATHER THAN FACILITATE BUSINESS.

IN INTERGOVERNMENTAL RELATIONS OVER THE LAST YEAR,
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IT IS CLEAR THAT THE MOST IMPORTANT EVENT WAS THE STATE VISIT OF PRESIDENT NICOLAE CEAUSESCU AND MRS. ELENA CEAUSESCU TO THE UNITED STATES. IT WAS FROM MANY POINTS OF VIEW AN IMPORTANT AND SUCCESSFUL VISIT. THE DISCUSSIONS ON BILATERAL AFFAIRS--POLITICAL AS WELL AS ECONOMIC--WERE FRANK AND USEFUL. THEY ADVANCED OUR KNOWLEDGE OF EACH OTHER AND THUS CONSTITUTED AN IMPORTANT STEP IN THE CREATION OF A NEW PHASE IN OUR RELATIONSHIP. AN EXAMINATION OF THE JOINT DECLARATION, ISSUED ON APRIL 13, WILL INDICATE THE PROGRESS MADE. MORE IMPORTANTLY, HOWEVER, PRESIDENT CEAUSESCU, TOGETHER WITH HIS TEAM--AND I SEE A NUMBER OF OFFICIALS HERE WHO WERE IN THE U.S. TOGETHER WITH THE PRESIDENT--PROMOTED A DEEPER AND MORE SOPHISTICATED MUTUAL UNDERSTANDING OF THE CHALLENGES AND ADVANTAGES OF OUR RELATIONSHIP. AND THIEDAS DONE ACROSS A CONSTANTLY BROADENING SPECTRUM OF U.S. SOCIETY. THE BROADENING OF THE SPECTRUM OF OUR RELATIONS AND THE GROWING SOPHISTICATION OF THOSE RELATIONS ARE IMPORTANT AND GOOD SIGNS. A CONTINUATION OF THAT TREND IS NECESSARY IF WE ARE TO ACHIEVE OUR COMMON GOAL--MORE COOPERATION, WITH GREATER SPONTANEITY, IN A BROAD RANGE OF FIELDS, SUCH COOPERA-

TION YIELDING BENEFITS COMMENSURATE WITH THE EFFORTS
EXPENDED. THE COOPERATION MUST GIVE RISE TO PROFITS
FOR BOTH SIDES.

WE ARE PLEASED WITH THE RESULTS WHICH FLOWED FROM
THE STATE VISIT. TRADE IS UP; SOME UNDERSTANDINGS HAVE
BEEN REACHED BETWEEN AMERICAN AND ROMANIAN PARTNERS IN
LESS TRADITIONAL FORMS OF ECONOMIC COOPERATION.
SECRETARY OF AGRICULTURE BERGLAND AND HIS TEAM VISITED ROMANIA
AND EXPANDED THE PARAMETERS OF A RELATIONSHIP WHICH, EVEN
BEFORE HIS VISIT, WERE STRIKINGLY FRIENDLY, OPEN AND
PRODUCTIVE. DIRECTOR SAINT PHALLE LED AN EXPORT IMPORT
BANK MISSION IN MAY, AND WE ALL HOPE THAT THE RESULT
OF THAT ONE-WEEK VISIT WILL BE AN EXPANDED BANK
PORTFOLIO HERE, A SIGN OF ROMANIAN ECONOMIC DEVELOP-
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MENT AND U.S. EXPORTS.

OTHER HIGH-LEVEL OFFICIALS OF THE U.S. GOVERNMENT
ARE SCHEDULED TO COME TO ROMANIA IN THE COURSE OF
THIS SUMMER. AND, OF COURSE, THERE WILL BE A RECIPROCAL
FLOW OF ROMANIANS TO THE UNITED STATES.

THE U.S. AND ROMANIAN GOVERNMENTS ARE PURSUING
THEIR GOAL OF EXPANDED BILATERAL RELATIONS, IN THE

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C O N F I D E N T I A L SECTION 2 OF 2 BUCHAREST 4063

CONTEXT OF THE FRAMEWORK OF DYNAMIC AND DEMOCRATIC
INTERNATIONAL TRADE AND FINANCIAL ARRANGEMENTS. THE
ROMANIAN GOVERNMENT, LIKE THE U.S., SEES ITS FUTURE
IN THE DEVELOPMENT OF AN INTERNATIONAL SYSTEM WHICH
ENCOURAGES PARTICIPATION, THE RELEASE OF UNTAPPED

RESOURCES--BOTH HUMAN AND MATERIAL--AND THE CONSEQUENT GROWTH OF OPPORTUNITIES IN NEW MARKETS AND NEW OPPORTUNITIES IN OLD MARKETS. WHILE, IN POLITICAL TERMS, THE VIEW OF THE TWO GOVERNMENTS ON THE EMERGING NEW INTERNATIONAL ORDER DO NOT ALWAYS COINCIDE IN DETAIL, WE DO SHARE, AND THIS IS IMPORTANT, A FORWARD-LOOKING, OPTIMISTIC POSTURE WHICH ENCOURAGES FREER TRADE, A MORE RATIONAL DISTRIBUTION OF INTERNATIONAL FUNCTIONS. THESE COMMONLY HELD OBJECTIVES ARE CURRENTLY BEING WORKED UPON IN THE TOKYO ROUND AT GENEVA. WE HOPE THAT THE DIALOGUE BETWEEN OUR TWO DELEGATIONS AT GENEVA CAN BE ENHANCED. WE ALSO VALUE THE PARTICIPATION OF ROMANIA IN THE INTERNATIONAL MONETARY FUND AND THE WORLD BANK. AS A DEVELOPING SOCIALIST COUNTRY, IT BRINGS TO THE GOVERNING BODIES AND SECRETARIATS OF THOSE TWO ORGANIZATIONS A PARTICULAR AND IMPORTANT POINT OF VIEW. WE WELCOME THE DEVELOPMENT OF PLURALISM IN THOSE ORGANIZATIONS AND ROMANIA'S PART IN HAVING ENCOURAGED THAT DEVELOPMENT.

NOT TOO LONG BEFORE THE VISIT TO THE UNITED STATES OF PRESIDENT AND MRS. CEAUSESCU, THE CSCE FOLLOW-UP CONFERENCE IN BELGRADE CONCLUDED. IT IS THE VIEW OF OUR GOVERNMENT

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MENT THAT THAT CONFERENCE AND ITS RESULTS CONSTITUTE AN IMPORTANT DEVELOPMENT IN EUROPEAN AFFAIRS. WE SHARE THE ROMANIAN DISAPPOINTMENT THAT IT WAS NOT POSSIBLE TO REACH MORE SUBSTANTIAL AGREEMENT ON THE NUMEROUS USEFUL PROPOSALS PUT FORWARD. BUT IT WAS IMPORTANT THAT THE CONFERENCE TOOK PLACE AT ALL, AND THAT PREPARATIONS ARE BEING MADE FOR THE MADRID MEETING. THE DIALOGUE CONTINUES. THE FACT THAT IT DOES CONTINUE IS DUE TO THE SPECIAL TENACITY OF GOVERNMENTS WHICH PERSIST IN THEIR DETERMINATION TO PROTECT THEIR NATIONAL INTERESTS THROUGH OPEN AND FRANK EXPRESSION OF THOSE INTERESTS.

I WISH NOW TO REVERT TO A STRICTLY BILATERAL THEME--THE U.S.- ROMANIAN TRADE AGREEMENT AND MOST FAVORED NATION TREATMENT. ON JUNE 2, THE PRESIDENT OF THE UNITED STATES FORWARDED TO THE CONGRESS HIS DETERMINATION FAVORING AND STRONGLY SUPPORTING THE EXTENSION OF THE TRADE AGREEMENT FOR AN ADDITIONAL THREE YEARS AND THE EXTENSION OF MFN TREATMENT FOR ONE YEAR. AS YOU ARE AWARE, EXTENSION OF MFN IS LINKED, THROUGH THE U.S. TRADE ACT OF 1974, WITH THE QUESTION OF EMIGRATION. ON BALANCE, THE ADMINISTRATION'S VIEW IS THAT EMIGRATION HAS PROCEEDED SATISFACTORILY. IN POINT OF FACT, IT WAS GIVEN A SPECIAL IMPETUS IN THE PERIOD LEADING UP TO THE STATE VISIT AND, FOLLOWING THE CONVERSATION

BETWEEN THE PRESIDENTS, AN UPSURGE IN THE ENSUING PERIOD. THESE DEVELOPMENTS ARE WELCOMED, AND IT IS OUR HOPE THAT THEY ARE MORE THAN TRANSITORY. THE CONGRESS CONSIDERED THE PRESIDENT'S RECOMMENDATIONS ON JUNE 15. (RESULTS TO BE PLUGGED IN.) THE SENATE COMMITTEE IS SCHEDULED TO TAKE UP THE QUESTION AT THE END OF THIS MONTH. WE ARE OPTIMISTIC THAT THE
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PRESIDENT'S RECOMMENDATIONS WILL BE HONORED.

A BEDEVILING FEATURE OF OUR ECONOMIC RELATIONS HAS BEEN THE U.S. GOVERNMENT'S EXPORT CONTROL SYSTEM. ALTHOUGH EXPORT CONTROLS HAVE AFFECTED ONLY A MINOR PORTION OF THE VALUE AND BULK OF TRADE, MISUNDERSTANDINGS CONCERNING THE IMPLEMENTATION OF THE EXPORT CONTROL PROGRAM AND MOTIVATIONS HAVE TAKEN UP A HUGE PORTION OF INTERGOVERNMENTAL TALKS ON TRADE. I KNOW THAT SOME U.S. PRIVATE BUSINESS PEOPLE HAVE ALSO INVESTED LARGE AMOUNTS OF TIME AND EFFORT IN THIS AREA. I WOULD LIKE TO MAKE ONE THING CLEAR: THE U.S. GOVERNMENT'S POLICY ON EXPORT CONTROLS IS BASED EXCLUSIVELY ON MOTIVES OF SECURITY. THE SYSTEM AS IMPLEMENTED IN THE UNITED STATES IS COMPLEMENTED BY A SYSTEM OF INTERNATIONAL CONSULTATIONS INVOLVING ALL MAJOR EXPORTERS OF ADVANCED TECHNOLOGY AND GOODS. I WOULD BE LESS THAN FRANK IF I WERE TO INDICATE TO YOU THAT THE SECURITY INTERESTS OF THE U.S. GOVERNMENT AND OF ITS ALLIES WERE CONSIDERED NEGOTIABLE. THEREFORE, THERE IS A POINT IN THE TRANSFER OF TECHNOLOGY BEYOND WHICH IT IS IMPOSSIBLE TO MOVE. HOWEVER, WE ARE ALL AWARE OF THE ESPECIALLY DYNAMIC NATURE OF DEVELOPMENTS IN TECHNOLOGY. AN ITEM CONSIDERED SENSITIVE IN ONE PERIOD SUBSEQUENTLY BECOMES AVAILABLE. REVIEWS OF ITEMS ON EXPORT CONTROL LISTS ARE UNDERTAKEN FROM TIME TO TIME TO UPDATE THE LISTS, TAKING INTO ACCOUNT THIS SPECIAL CHARACTERISTIC. A REVIEW OF THIS SORT IS PRESENTLY TAKING PLACE AND, ALTHOUGH IT WOULD BE PRESUMPTUOUS TO PREJUDGE ITS OUTCOME, CHANCES ARE THAT THERE WILL BE SOME RELAXATION ON SOME ITEMS. ON THE POINT OF EXPORT CONTROLS, PARTICULARLY AS THEY APPLY TO ROMANIA, I THINK IT IS FAIR TO SAY THAT THE LENGTHY AND TIME-CONSUMING DIALOGUE HAS BEEN WORTHWHILE IN PRODUCING GREATER UNDERSTANDING AND SOME PROGRESS. I WOULD HOPE THAT THE INFORMAL SYSTEM OF
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CONSULTATION ON THIS SUBJECT BETWEEN REPRESENTATIVES
OF THE TWO GOVERNMENTS WILL CONTINUE. END TEXT.

2. WE WOULD PROPOSE TO DRAFT CONCLUDING PARAGRAPH
NEARER TO EVENT IN ORDER TO TAKE INTERIM DEVELOPMENTS
AND WHAT WE KNOW BEFOREHAND OF BURTICA'S REMARKS INTO
ACCOUNT.
AGGREY

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